

In addition to these suggested areas of possible improvement in the current position management and classification program in the Agency, the IG Report has validly identified several fundamental issues which greatly impact on the effectiveness of the program. The issues of unclear control authorities, and the need for an effective formal appeal and enforcement system, have a direct bearing on PMCD's effectiveness, and therefore on the Agency's position management and classification program. However, the IG recommendation that these issues be resolved by delegating to Deputy Directors the authority to establish positions and to hear and decide classification appeals would likely result in a large sacrifice of position/grade equality and overall program quality. In addition to a loss of equity, experience has shown that a decentralized system usually requires greater manpower to accomplish the same tasks than would a centralized system. Decentralized classification systems have already been tried in the State Department and other Governmental organizations with distressing results. The State Department's experiment with decentralized classification is particularly worth noting, as summarized in a Department of State Newsletter (May 73):

"The Department is implementing recommendations that resulted from a worldwide classification study of all Foreign Service officer positions.

This study, which is the outgrowth of Management Reform Recommendations and work of Task Force 1 in September-October 1970, has sought to establish a valid position classification structure for the Foreign Service. All officer positions, regardless of their location (U.S. or abroad) and pay plan (FSO, FSR, FSRU, FSSO), were individually reviewed by a professional staff of classification analysts to determine their appropriate level.

To recount briefly the reasons for this study, it will be recalled that from June 1962 until February 1971 position classification authority was delegated to major organizations of the Department.

A general escalation of grade/class levels took place during this period. This is attributable to several causes, primarily (a) pressures by management within the bureaus, (b) in some cases, the inexperience of the personnel technician responsible for position classification, (c) a tendency to project future programs or shifts in program emphasis which later failed to materialize, and/or (d) the

competition between the bureaus to obtain and retain the best qualified officers which sometimes involved placing artificially higher grades on positions to induce an officer to take an assignment."

"The following illustrates the overall changes resulting from this study:

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| FSO - 1 and 2 | Reduced by 23% |
| FSO - 3 | Reduced by 6%" |

To insure that the Agency is not subject to such criticism, the principle of equal pay for equal work must be assured. Such equity must be maintained not only within individual components, but also within the Agency as a whole with an additional relationship to Government-wide pay patterns. Unfortunately, experiments with decentralized classification have demonstrated that managers are much too close to their programs and their personnel to maintain an objective approach to classification. The results generally have been the creation of disparities and a massive escalation in grade levels followed by a return to a centralized classification system in those cases where position classification systems were subsequently audited by an authoritative and objective body. The damage is not easily or quickly corrected, however. Nevertheless, there is indeed a critical need for more direct participation and substantive contributions by operating component representatives, clearly defined authorities, and the institution of a definitive appeal and enforcement system in the Agency. Although it has been stated that appeal mechanisms outside the Directorate involved would be unworkable because of the lack of subject expertise of the appeal body, such a system under the Executive Director was successful in the 1960's and similar mechanisms are broadly and satisfactorily applied in other areas of our society such as those involving judges and arbitrators where the prime requirement is the weighing of the presentations of opposing substantive experts. There is no reason to believe that it could not again work in Agency classification.